

STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES
Land Division
Honolulu, Hawaii 96813

January 13, 2011

Board of Land and Natural Resources
State of Hawaii
Honolulu, Hawaii

PSF No.: 08HD-018

HAWAII

Issuance of Direct Lease to Connections New Century Public Charter School for School Purposes, Kaumana, Hawaii, Tax Map Key: (3) 2-5-6:141.

APPLICANT:

Connections New Century Public Charter School, whose business and mailing address is 174 Kamehameha Avenue, Hilo, Hawaii 96720.

LEGAL REFERENCE:

Section 171-95.5, Hawaii Revised Statutes, as amended.

LOCATION:

Government lands situated at Ponohawai, Kaumana, Kukuau 2nd, South Hilo, Hawaii, identified as Tax Map Key: (3) 2-5-6:141, as shown on the attached map labeled Exhibit "A".

AREA:

72.430 acres, more or less.

ZONING:

State Land Use District: Agriculture
County of Hawaii CZO: A-1A

TRUST LAND STATUS:

Section 5(b) lands of the Hawaii Admission Act
DHHL 30% entitlement lands pursuant to the Hawaii State Constitution:
YES ____ NO X

CURRENT USE STATUS:

Vacant.

Encumbered by Grant of Non-Exclusive Easement bearing Land Office Deed No. S-28322, GTE Hawaiian Telephone Co. Inc., for telephone circuit facilities purposes.

Encumbered by Grant of Non-Exclusive Easement bearing Land Office Deed No. S-28353, GTE Hawaiian Telephone Co. Inc., for telephone transmission purposes.

CHARACTER OF USE:

School purposes.

LEASE TERM:

Sixty-five (65) years

COMMENCEMENT DATE:

The first day of the month to be determined by the Chairperson.

ANNUAL RENT:

\$480 per annum (Minimum Rent Policy approved by the Land Board on May 13, 2005, Agenda Item D-19.)

METHOD OF PAYMENT:

Semi-annual payments, in advance.

RENTAL REOPENINGS:

At the 10th, 20th, 30th, 40th, 50th, 60th years of the lease term, by staff or independent appraisal.

PERFORMANCE BOND:

Twice the annual rental amount.

PROPERTY CHARACTERISTICS:

Utilities – utilities are available.

Slope – 4% to 6%

Elevation – 725-900 ft.

Rainfall – 193.2 inches per year.

SCS Soil Series – Lava flows, pahoe-hoe.

Land Study Bureau – D300 has a productivity rating of "c" for grazing, "d" for sugarcane and orchard and "e" for vegetables and forage.

Legal access to property – Staff has verified that there is legal access to the property off of Kaumana Drive and Edita Street.

Subdivision – Staff has verified that the subject property is a legally subdivided lot.

Encumbrances – Staff has verified that the following encumbrances exist on the property:

Grant of Non-Exclusive Easement bearing Land Office Deed No. S-28322, GTE

Hawaiian Telephone Co. Inc., for telephone circuit facilities purposes and Grant of Non-

Exclusive Easement bearing Land Office Deed No. S-28353, GTE Hawaiian Telephone

Co. Inc., for telephone transmission purposes.

CHAPTER 343 - ENVIRONMENTAL ASSESSMENT:

The Final Environmental Assessment for the subject project was published in the OEQC's Environmental Notice on November 8, 2010 with a finding of no significant impact (FONSI).

DCCA VERIFICATION:

Place of business registration confirmed:	YES <u>X</u>	NO <u> </u>
Registered business name confirmed:	YES <u>X</u>	NO <u> </u>
Applicant in good standing confirmed:	YES <u>X</u>	NO <u> </u>

APPLICANT REQUIREMENTS:

Applicant shall be required to:

- 1) Pay for the costs of public notice pursuant to section 171-16 and
- 2) Provide survey maps and descriptions according to State DAGS standards and at Applicant's own cost.

BACKGROUND:

The Land Board at its meeting of March 28, 2008, under agenda Item D-5, granted approval in principle of a lease to Connections New Century Public Charter School for school purposes and authorization for Connections New Century Public Charter School to comply with Chapter 343, Hawaii Revised Statutes, as amended. One of the conditions placed by the Land Board was that should the Connections New Century Public Charter School fail to

obtain satisfactory compliance with Chapter 343, Hawaii Revised Statutes, as amended, within twenty-four (24) months, the Land Board's approval shall be rescinded.

The Land Board at its meeting of December 11, 2009, under agenda Item D-5, granted Connections New Century Public Charter School until December 31, 2010 to obtain satisfactory compliance with Chapter 343, Hawaii Revised Statutes, as amended. By letter dated November 12, 2009, Ms. Celia Shen, Planner for Wil Chee-Planning, Inc. on behalf of Mr. John Thatcher, Chief Executive Officer of Connections Public Charter School, requested seven to eight months extension to revise the conceptual master plan and environmental assessment. During the 30-day public comment period of the draft environmental assessment, they were informed that a significant segment of Kaumana Cave underlies the upper portion of the project site (above Edita Street), and could be impacted by the development as represented in the conceptual master plan. After reviewing the information shared by concerned speleologists, Connections New Century Public Charter School decided to revise the conceptual master plan to avoid impacting Kaumana Cave by limiting development of the major school facilities to the lower portion of the project site (below Edita Street).

The Final Environmental Assessment for the subject project was published in the OEQC's Environmental Notice on November 8, 2010 with a finding of no significant impact (FONSI). The 30-day challenge period ended on December 8, 2010.

BACKGROUND ON APPLICANT:

Connections Public Charter School was chartered by the State Board of Education in 2000, and authorized under signature of the Governor of the State of Hawaii, the President of the State Board of Education and the State Superintendent of Schools. Connections opened in August 2000, with 184 students in grades K-6. By August 2001, the school has expanded to a K-12 program with a total of 360 students. The need and desire for this unique charter school is evidenced by an enrollment waiting list and is further illustrated by the broad-based community representation in the operation of the school.

The school's faculty has been recognized for their innovative work, which has resulted in the school being designed as a "Demonstration Site" for the University of Hawaii Manoa Curriculum Research and Development Group. This designation has resulted in Connections becoming a major clearinghouse for emerging curriculum, as well as a center for teacher development.

Connections is based in the Hilo area. Currently, the elementary and middle school is located in the Kress Building on Kamehameha Avenue in downtown Hilo. The Kress building is owned by the school's affiliated non-profit organization. The high school is presently located in leased facilities at the Nani Mau Gardens, just outside of Hilo town.

For long-term planning and budgeting, the school would prefer to not lease property from private owners. The desire to vacate the leased facilities in which the high school operates has provided the impetus to explore options for consolidating all of Connections academic programs at a single location. Consolidation provides an attractive option for management, operational, and financial reasons. Thus, began a search for suitable properties on which to develop new facilities for the school. In coordination with DLNR, the Kaumana property was identified by the school as a potential site for the new campus.

The master plan was prepared to guide the development of the new campus that would co-locate its elementary, middle, and high schools on a single property, would allow for program expansion, and improve the quality of education the school can provide its students. Connections would like to add a sustainable agricultural program to their academic offerings. At present, Connections does not have a pre-kindergarten program, but may choose to implement one in the future if demand exists and if adequate facilities can be provided.

ANALYSIS:

The subject property is currently vacant. Besides 2 easements, we have no records of any past dispositions.

The current zoning is agriculture. The proposed use is allowed.

Applicant qualifies for a direct lease pursuant to Section 171-95(a)(2) and 95.5, Hawaii Revised Statutes, as amended. Charter signed by Governor, Chairperson of the Board of Education and Superintendent of Education on May 5, 2000.

The master plan would guide development of a new campus. The new campus would consolidate all of Connections existing academic programs at a single location, plus provide land area, and facilities to expand their academic offerings. Facilities included in the master plan would accommodate the elementary, intermediate, and high school programs and supporting services; an agricultural program; a small dormitory facility; and a pre-Kindergarten (pre-K) program. The master plan proposes facilities to support approximately 380 K through grade 12 students, 30 non-traditional students, and 25 pre-K students.

The proposed campus is intended to be a school within a forest. The lower parcel consists of 35 acres where all of the major school facilities are proposed to be located. The upper parcel consists of 37 acres where a proposed walkway would be constructed to provide access and viewing opportunities within the forested area. This area will support educational programs including reforestation projects.

Applicant has not had a lease, permit, easement or other disposition of State lands terminated within the last five years due to non-compliance with such terms and conditions.

RECOMMENDATION: That the Board:

1. Find that the public interest demands the issuance of a new direct lease to the Connections New Century Public Charter School for School Purposes.
2. Subject to the Applicant fulfilling all of the Applicant requirements listed above, authorize the issuance of a direct lease to the Connections New Century Public Charter School, covering the subject area under the terms and conditions cited above, which are by this reference incorporated herein and further subject to the following:
 - A. The standard terms and conditions of the most current non-profit lease document form, as may be amended from time to time;
 - B. Review and approval by the Department of the Attorney General; and
 - C. Such other terms and conditions as may be prescribed by the Chairperson to best serve the interests of the State.

Respectfully Submitted,

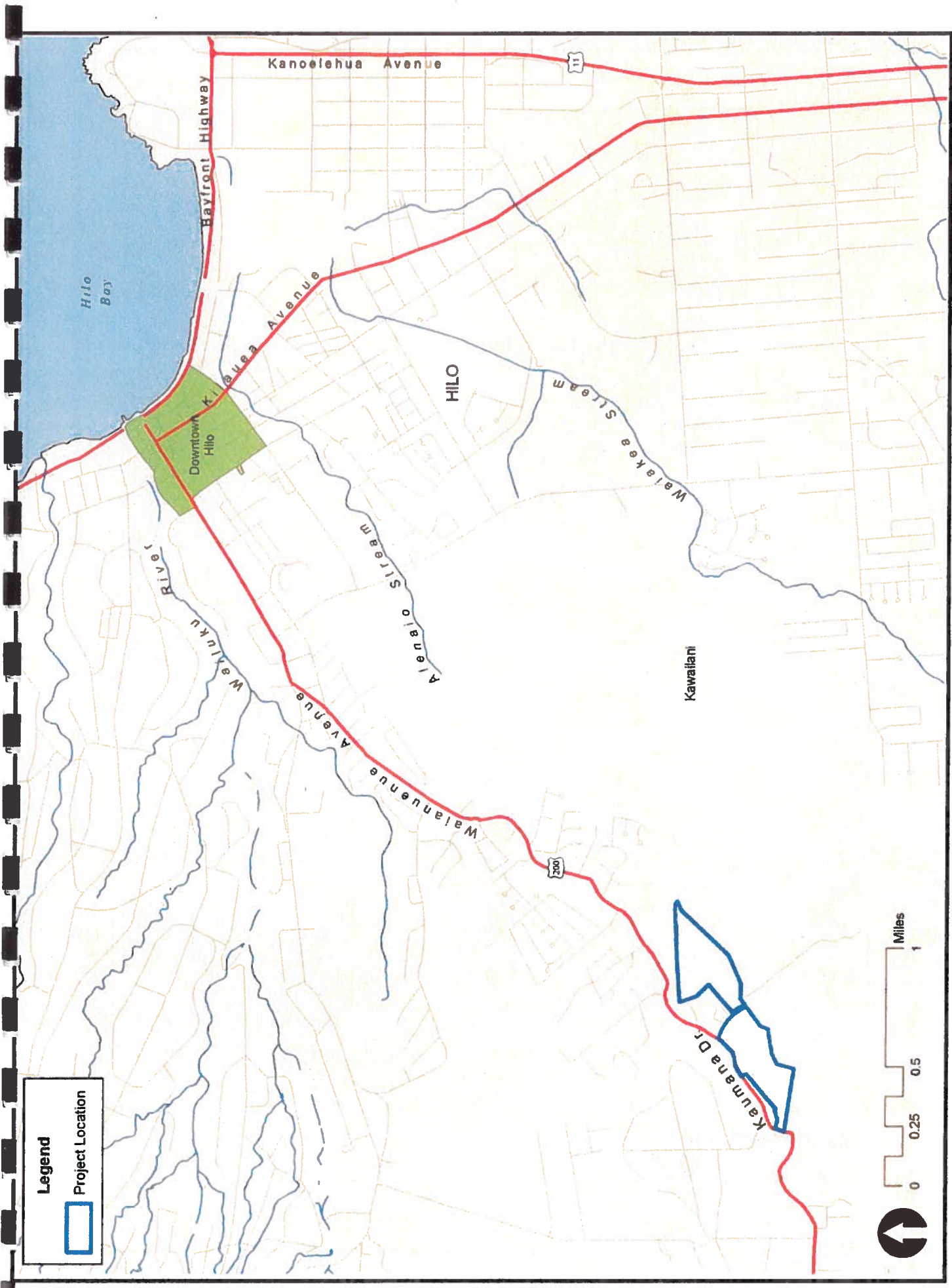


Charlene Unoki
Assistant Administrator

APPROVED FOR SUBMITTAL:



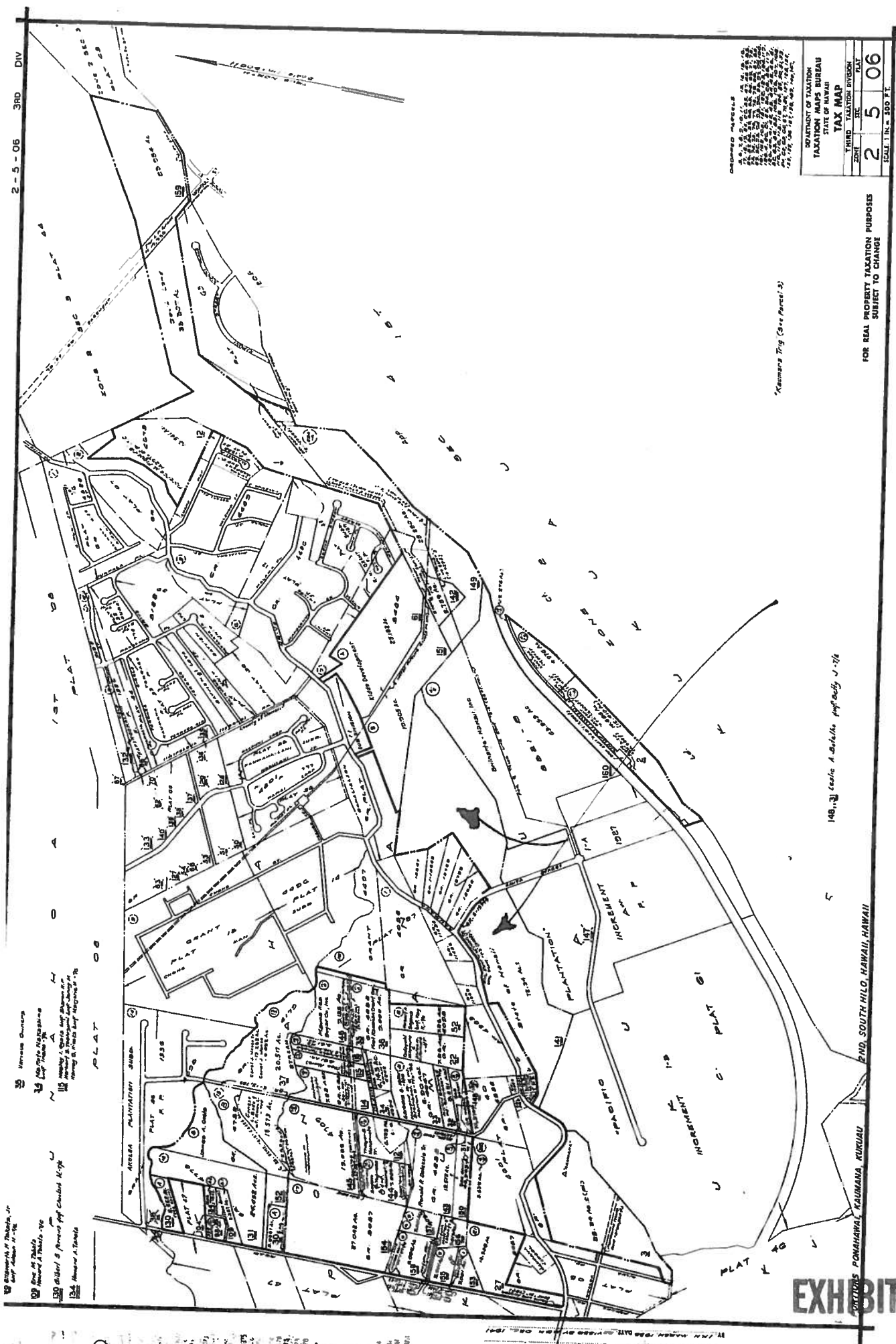
William J. Aila, Jr., Interim Chairperson



PROJECT VICINITY

Final EA – Connection Public Charter School

Kaumana, South Hilo, Hawai'i



ORDERED MATRICES

DEPARTMENT OF TAXATION
TAXATION MAPS BUREAU
STATE OF HAWAII
TAX MAP

THIRD TAXATION DIVISION		
ONE	TWO	THREE
2	5	06

**FOR REAL PROPERTY TAXATION PURPOSES
SUBJECT TO CHANGE**

Kammers Trig (See Page 9)

48,131 Leslie A. Bostelno page 8 of 10

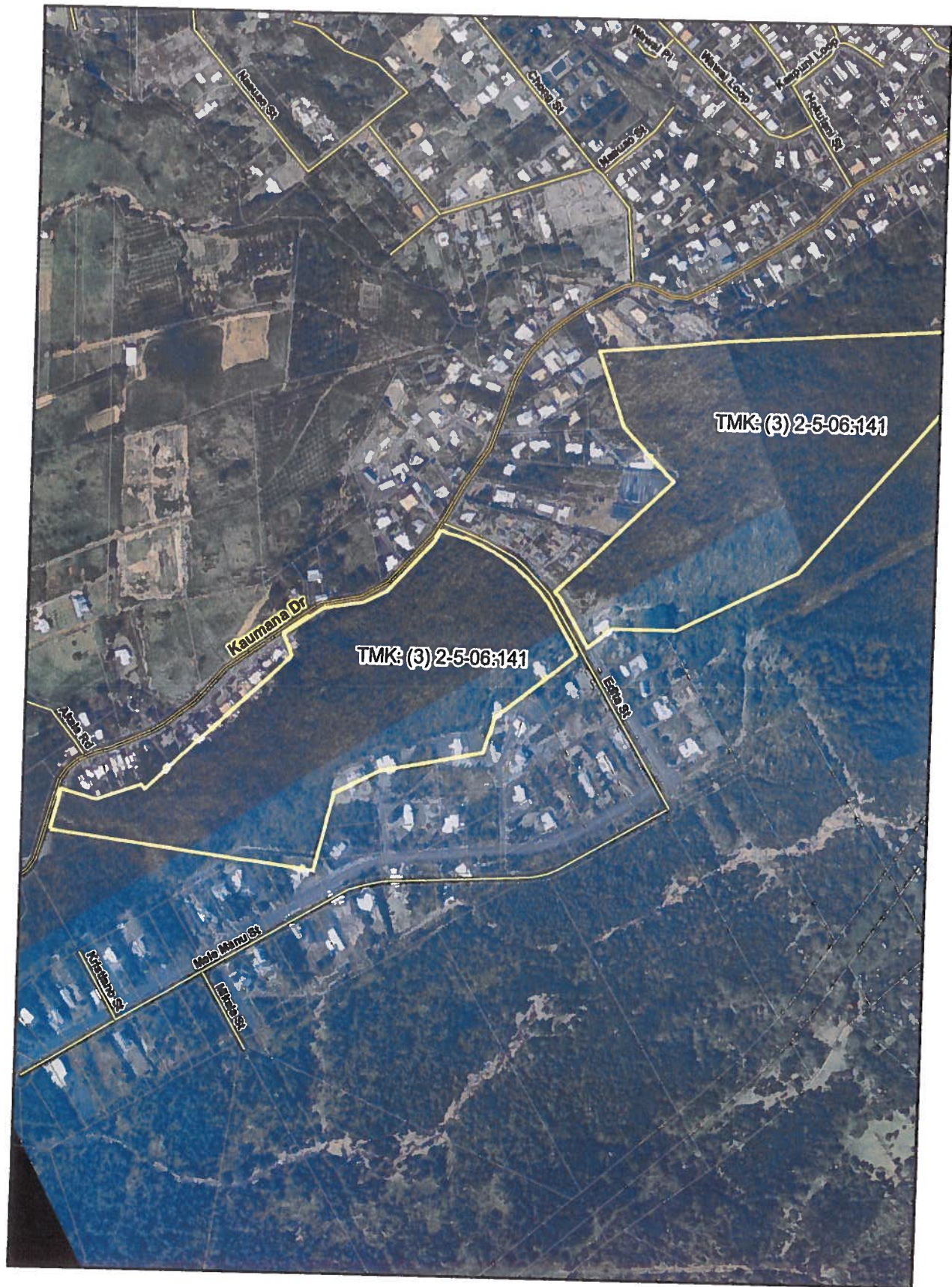
2ND, SOUTH HILO, HAWAII, HAWAII

EXHIBIT 46

A

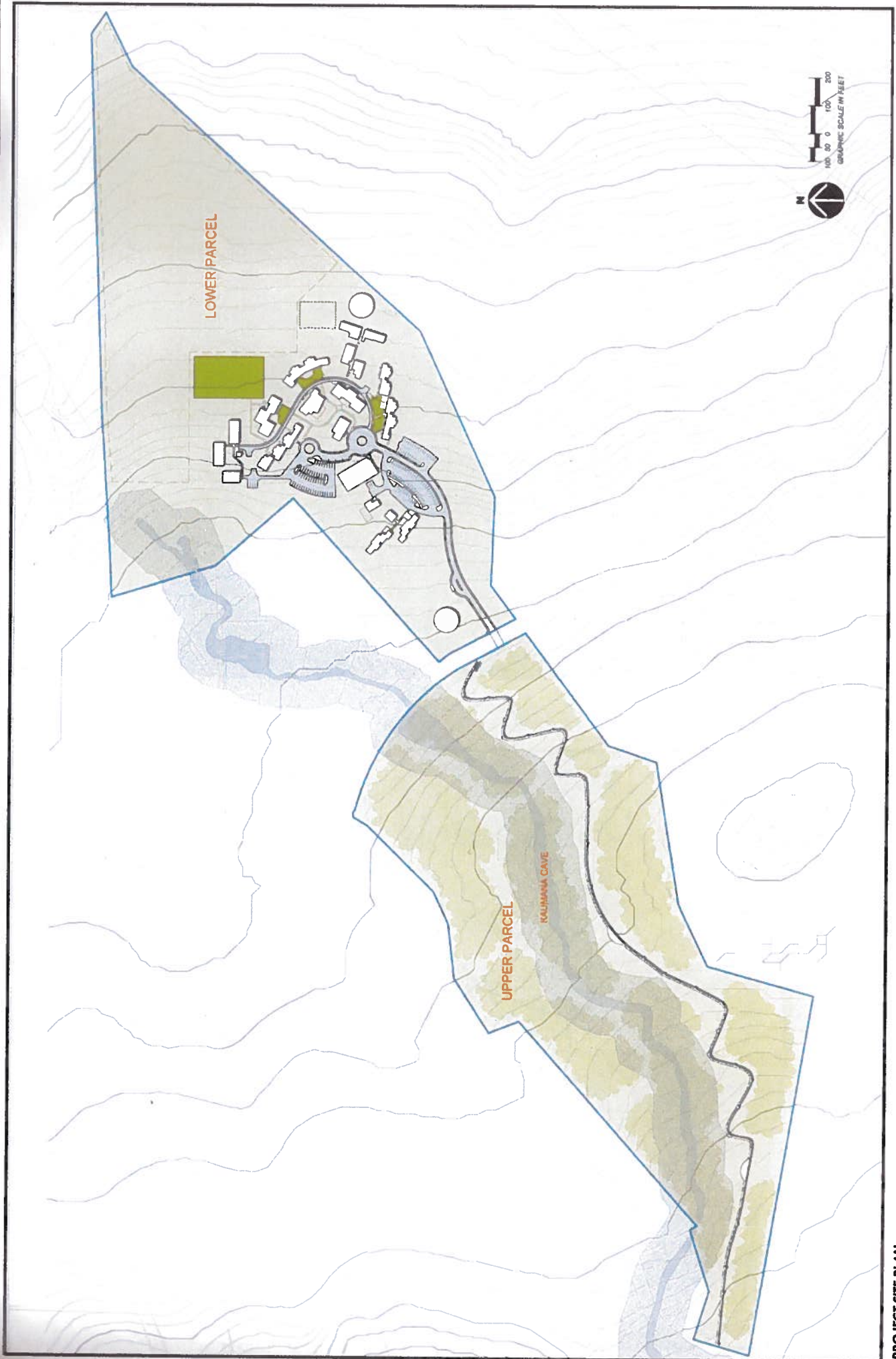
99

Kaumana Parcel



0 230 460 920 1,380 1,840 Feet





APPLICATION AND QUALIFICATION QUESTIONNAIRE

(Non-Profit)

Write answers in the spaces provided. Attach additional sheets as necessary, clearly indicating the applicable section number.

Part I: General Information

1. Applicant's legal name: Connections New Century Public Charter School
2. Applicant's full mailing address:
174 Kamehameha Ave.
Hilo, HI 96720
3. Name of contact person: John Thatcher
Contact person Phone No.: 808-935-2395 Fax No.: 808-961-2665
4. Applicant is interested in the following parcel:
Tax Map Key No.: (3) 2-5-6:141 Location: Kaumana in Hilo
If Applicant is current lessee: General Lease No.: _____
5. When was Applicant incorporated? chartered in 2000
6. Attach the following:
 - A. Articles of Incorporation
 - B. Bylaws
 - C. List of the non-profit agency's Board of Directors
 - D. IRS 501(c)(3) or (c)(1) status determination
 - E. Tax clearances from State of Hawaii and respective county Real Property Tax Office.
 - F. Audited financial statements for the last three years. If not audited, explain why.
If Applicant is a new start-up, attach projected capital and operating budgets.
 - G. Any program material which describes eligibility requirements or other requirements to receive services

Part II: Qualification

7. Is Applicant registered to do business in Hawaii:

Yes

8. Has Applicant received tax exempt status from the Internal Revenue Service? Yes
9. Is Applicant licensed or accredited in accordance with federal, State or county statutes, rules, ordinances, to conduct the proposed activities? Yes

List all such licenses and accreditations required: Charter signed by Governor, Chairperson of the Board of Education and Superintendent of Education

10. Is Applicant in default or otherwise not in good standing with any State (e.g. POS agency, DCCA, DLNR, etc.)? No

If yes, explain:

11. Has Applicant had a State of Hawaii lease, permit, license, easement or sale in fee cancelled within the last five years? If yes, list: No

<u>Doc. No.</u>	<u>Type of Agreement</u>	<u>Term of Agreement</u>
_____	_____	_____

12. Does Applicant have any policies which discriminate against anyone on the basis of race, creed, color, national origin, sex or physical handicap? No

If yes, explain:

13. Has Applicant received funding from a federal, State, or county government agency, the Aloha United Way, and/or a major private foundation within the last three years? Please list all such contracts below: Yes

<u>Agency</u>	<u>Contract Term</u>	<u>Contract Amount</u>
<u>State of Hawaii per pupil allocation</u>	<u>2005-2006 school year</u>	<u>\$1,886,046.00</u>
<u>Federal Title I</u>	<u>2005-2006 school year</u>	<u>\$83,447.00</u>
<u>Federal Impact Aid</u>	<u>2005-2006 school year</u>	<u>\$92,475.00</u>
<u>State of Hawaii per pupil allocation</u>	<u>2006-2007 school year</u>	<u>\$2,435,250.00</u>
<u>Federal Title I</u>	<u>2006-2007 school year</u>	<u>\$73,673.00</u>

<u>Agency</u>	<u>Contract Term</u>	<u>Contract Amount</u>
<u>Federal Impact Aid</u>	<u>2006-2007 school year</u>	<u>\$85,246.00</u>
<u>State of Hawaii per pupil allocation</u>	<u>2007-2008 school year</u>	<u>\$2,925,789.00</u>
<u>Federal Title I</u>	<u>2007-2008 school year</u>	<u>\$15,000 (to 1/25/08)</u>
<u>Federal Impact Aid</u>	<u>2007-2008 school year</u>	<u>\$97,558.00</u>

14. If Applicant has not received funding from a federal, State or county government agency, the Aloha United Way and/or a major private foundation during the past three years, describe Applicant's qualifications to effectively perform the proposed services, including but not limited to, grants or subsidies received from non-major, private fundors and/or staff or Board members who possess significant experience in Applicant's service field.
-

Part III: Program Activities and Persons to be Served

15. What activities will be conducted on the premises to be leased?

K-12 educational program as defined in chartering document

16. What are the specific objectives of these activities?

Vision: To establish and sustain a community, business, and learning 'ohana (family). Within this framework, inquiry and project-based curricula will stress independent thinking, development of the individual's mind and talents, cooperative learning, sense of self within the neighborhood and the world-wide community with particular attention to the precious and unique environment of Hawaii, both as an island ecology and a place where ethnic diversity is the norm.

Mission: Our mission is to create an 'ohana which is conducive to the recognition and development of individual talents. Thematic and experiential learning experiences are provided which focus on how students construct knowledge using creative and critical thinking. A forum

for the development of the ability to recognize and differentiate a quality result or product is offered. Classroom experiences are connected to real life experiences so that students can grow in the understanding of themselves in relation to their community and the world.

Outcomes/goals: Instruction is guided by five powerful student-centered goals. Students demonstrate mastery through exhibitions, successful projects, and demonstrations of content mastery. The focus is on fully informing and preparing students for their future, particularly in fostering careers that sustain the economy on this island.

Goal 1 – Caring, Responsible Community Members: Students shall develop their abilities to become responsible members of a family, work group, or local/global community within the framework of democracy.

Goal 2 - Creative, Critical Thinkers: Students will think creatively, critically, and strategically to make effective decisions, solve problems, and achieve goals in their academic, personal and social lives, in and out of school.

Goal 3 - Effective Communicators: Students will write, speak and listen effectively in a variety of situations for a variety of audiences and purposes.

Goal 4 - Users and Producers of Technology: Student will understand, use, and evaluate technologies as well as produce new innovative uses and applications in a variety of contexts for a variety of audiences and purposes including academic, personal and social.

Goal 5 - Stewards of Hawaii's Unique Environment: Students will understand a variety of eco-systems, natural energy flows and the natural environment in order to preserve and design systems to renew natural resources and habitats.

17. Describe the community need for and the public benefit derived from these activities.

Charter schools are nonsectarian public schools of choice that operate with freedom from many of the regulations that apply to traditional public schools. The "charter" establishing each such school is a performance contract detailing the school's mission, program, goals, students

served, methods of assessment, and ways to measure success. Charter schools are accountable to their sponsor to produce positive academic results and adhere to the charter contract. The basic concept of charter schools is that they exercise increased autonomy in return for this accountability. They are accountable for both academic results and fiscal practices to several groups: the sponsor that grants them, the parents who choose them, and the public that funds them.

18. Describe the targeted population for these activities by: 1) age group, 2) gender, 3) ethnic background, 4) income level, 5) geographic location of residence, 6) special needs/disability, and 7) other applicable characteristic(s).

The school serves families coming from a range of geographical locations on the Big Island. The communities presently served include Hilo extending northward to the Hamakua district and Waimea; upper Puna district to Volcano Village; and the lower Puna district to Pahoa. There are currently 359 students enrolled. The school serves an ethnically and economically diverse population. Ethnically the 2007-2008 student population is as follows in descending order: 35% White, 28% Hawaiian or Part Hawaiian, 15% - Mixed (Other), 4% Portuguese, 4% Hispanic, 4% Japanese, 3% Native American, 3% Filipino, 2% Black, 1% Samoan, 1% Korean, and 1% Chinese. Fifty-five percent of the students receive free or reduced lunches.

Connections has a significant population of students with special needs (12% of total population). Special education students are integrated into the classrooms using an inclusion model. A little over 1% of the students within the school have section 504 accommodations. The school also has a growing ELL (English Language Learner) population.

19. Describe all eligibility requirements of clients to participate in the activities, e.g. age, income level, ethnic background, income level, disability, etc.

None

20. Do you require membership to participate in these activities? Yes

If yes, list the requirements of becoming and remaining a member:

Enrollment in the school

21. How many unduplicated persons will engage in the activities annually?

Activity

Persons Per Year

The population of the school is currently 359 students. The school currently has 52 employees.

22. Is State funding made available for the activities to be conducted on the leased premises? Yes

If yes, by which State agency: The Hawaii State Charter Schools Administrative Office

23. List all activities to be conducted on the leased premises which require payment of excise taxes, e.g. subleasing, sale of products or services. Include an estimate of annual gross revenues from each activity.

None

Development of the Land

24. Describe the proposed site development plan for the property, indicating the location and size of buildings, parking areas, landscaped areas and related uses. Attach sketch of plan if available.

The site plan for the property is still in the early stages of development. The vision has been highly influenced by Randall Fielding an award-winning educational facility planner who specializes in holistic, vision-driven designs for tomorrow's learners. The educational facility that the school envisions requires learning environments that support curiosity, as well as literacy. The school will integrate a new understanding of learning for the 21st century that

extends beyond traditional building solutions. Fortunately, a substantial, readily accessed database of educational architecture over the last decade has resulted in a rapidly emerging language of best practices for planning and designing 21st century schools. The emerging language of educational design supports both the foundational skills of literacy with the demands of a global economy, which require that learners are curious, self-directed, and able to work across platforms. Six aspects of best practice offer essential elements that support the requirements of the school's educational framework:

1. Supporting teaching and learning

2. Maximizing physical comfort and well being

3. Demonstrating environmental responsibility

4. Serving the community

5. Establishing design principles that make buildings work better, last longer, cost less to renovate and maintain, and inspire and adapt to changing needs

6. Applying open, transparent and collaborative processes that allow the school and community to assume ownership of planning and design

25. What improvements to the land do you intend to make and at what cost?

We are in the process of hiring a consultant to prepare the EA (environmental assessment).

That information will be included in the EA.

26. How will the improvements be funded?

Same as #25.

27. Describe all environmental, land use and other permitting requirements which must be met to develop the land as proposed.

EA is needed for the use of State lands. Our consultant during the consultation process with other government agencies, will incorporate any permits/approvals required.

28. Will you be subleasing any portion of the property? If yes, describe the sublease uses:

No

Part V: Notarized Certification

I/We hereby certify that the statements and information contained in this Application and Questionnaire, including all attachments, are true and accurate to the best of my/our knowledge and understand that if any statements are shown to be false or misrepresented, I/we may be disqualified from receiving a lease or my/our lease may be canceled.

John L. Thatcher Connections Public Charter School
Applicant Name Applicant Name

By: John L. Thatcher By: _____
Its: CEO Its: _____

Date: 1/28/08

Subscribed and sworn to before me this

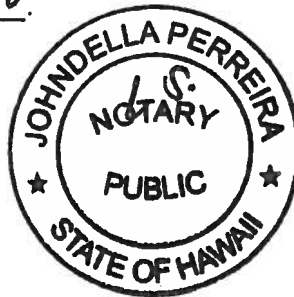
28 day of January, 2008.

Notary Public JOHNDELLA PERREIRA

County of: Hawaii

State of: Hawaii

My commission expires: 04/08/2011



HAWAII (HRS 343)

7. Connections Public Charter School Master Plan (FEA)

Island: Hawaii
District: South Hilo
TMK: (3) 2-5-06:141
Permits: Special Permit, NPDES, Wastewater system, Water reuse, Building, Grading
Applicant: Connections Public Charter School, 174 Kamehameha Avenue, Hilo, HI 96720. John L. Thatcher II, CEO; (866) 961-3664
Approving Agency: Dept of Land and Natural Resources, Land Division, 1151 Punchbowl Street, Room 220 Honolulu, HI 96813. Charlene Unoki, 587-0426
Consultant: Wil Chee – Planning & Environmental, 1018 Palm Drive, Honolulu, HI 96814. Celia Shen, 596 4688; cshen@wcpohawaii.com
Comments: FEA accepted by the Approving Agency. There is no comment period

A conceptual master plan to guide the development of a new campus in Kaumana, South Hilo, Hawaii, has been developed for Connections Public Charter School. The new campus would consolidate all of Connections' existing academic programs (elementary, intermediate, and high schools) at a single location, plus provide land area to expand their academic offerings to include an agricultural program and a forestry/conservation program. The campus would accommodate approximately 400 students.

The project is not expected to cause any significant adverse long-term impacts to the environment. However, potential short-term, temporary impacts could occur during the construction period. These include impacts on the acoustical environment, air quality, soils, fauna, and lava tube collapse. Adherence to all applicable regulations and permit conditions, and implementation of construction site BMPs and other protective/mitigation measures would minimize the effects of any construction-related impacts. Though the project site is in the State Land Use Agriculture district and is zoned Agriculture by the County of Hawaii, no loss of agricultural lands will occur as the site is undeveloped. The project would not adversely affect traffic and circulation in the project area.

The project would result in beneficial impacts by improving educational services and opportunities for Hilo's children. A new campus would allow Connections to continue teaching at its high educational standards and the proposed agricultural program would provide local children with marketable skills for working in and developing small sustainable agricultural operations.

8. The Villages of Aina Lea (FEIS)

Island: Hawaii
District: South Kohala
TMK: (3) 6-8-01:25, 36, 37 (por.), 38, 39 and 40 (por.) and (3) 6-8-02:19 (por.)
Permits: Special Permit to permit construction of the project's Wastewater Treatment Plant, subdivision approval, and various construction related permits, County approval to a change from the existing multiple zoning designations to a single "Project District" zoning
Applicant: DW Aina Lea Development, LLC, 68-4747 Queen Kaahumanu Highway, Kamuela, HI 96743. Email: management@ainalea.com, 845-9945
Accepting Authority: Hawaii County Planning Department, 101 Pauahi Street, Suite 3, Hilo, HI 96720. B J Leithead Todd, Planning Director, Phone: (808) 961-8288 FAX: (808) 961-8742
Consultant: J M Leonard Planning, LLC, James M. Leonard, AICP, 1100 Ainalako Road, Hilo, HI 96720. Email: jmleonard@mac.com, 896-3459
Comments: FEIS accepted by the Accepting Authority. There is no comment period